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EC752F

THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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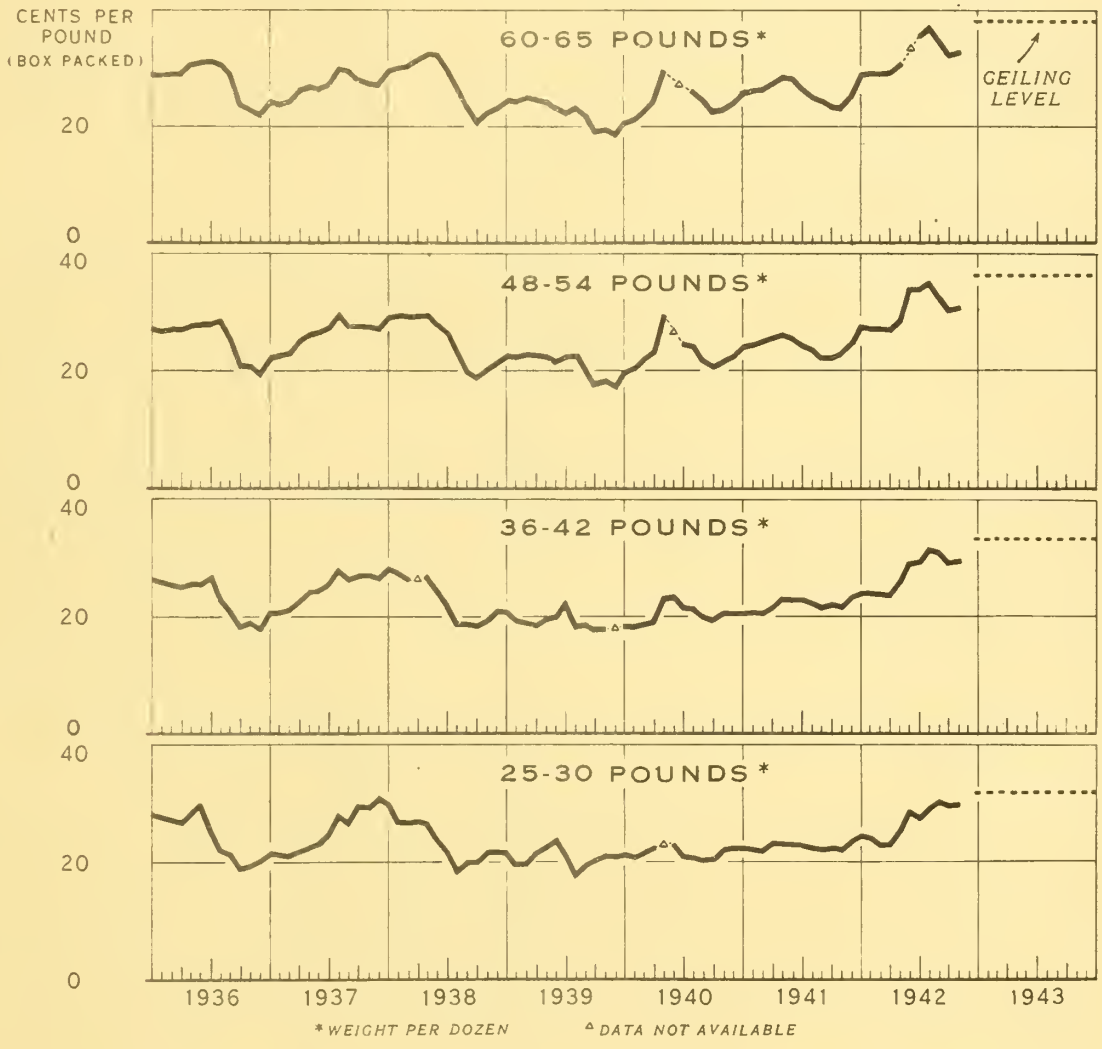
CHICKENS, FRESH-KILLED AND FROZEN, FANCY: WHOLESALE PRICES, NEW YORK CITY, 1936-42, AND CEILING LEVELS



U. S. DEPARTMENT OF AGRICULTURE NEG. 42763 BUREAU OF AGRICULTURAL ECONOMICS

Specific ceilings on wholesale prices of chickens will allow farmers to receive favorable prices for birds of all weights relative to production costs in 1943. Price ceilings on heavy birds, however, are relatively more favorable than those on lightweight chickens. Consequently farmers will be encouraged to raise their birds to heavier average weights as well as to raise increased numbers.

STATISTICAL SUMMARY

ITEM	UNIT	NOVEMBER AVERAGE		1941		1942		PCT. OF YEAR EARLIER
		PERIOD	AVERAGE	OCTOBER	NOVEMBER	OCTOBER	NOVEMBER	
Number of layers on farms	*Million*	1931-40	302.0	302.4	333.0	336.6	372.7	112
Number of eggs laid per hen	*Number*	1931-40	5.2	8.2	6.47	8.1	6.75	104
Total farm production of eggs	*Mil. case*	1931-40	4.33	6.86	5.99	7.53	6.99	117
Stocks, eggs: [1]								
Privately owned, shell	*1,000 case*	1931-40	2,128	3,271	1,278	3,116	1,115	87
Privately owned, frozen	*1,000 case*	1931-40	2,217	3,373	2,756	4,809	3,340	121
USDA owned, shell	*1,000 case*	--	--	586	392	1	0	0
USDA owned, frozen	*1,000 case*	--	--	729	698	0	23	3
Total	*1,000 case*	1931-40	4,399	7,959	5,124	7,926	4,478	87
Purchases, eggs, USDA:								
Dried [2]	*Mil. lb.*	--	--	12.7	4.2	7.1	3.6	86
Shell direct	*1,000 case*	--	--	92	16	0	10	62
Shell, blue stamp [3]	*1,000 case*	--	--	191	118	125	--	65
Liquid egg production [4]	*Mil. lb.*	--	--	29.4	30.3	82.0	68.9	227
Dried egg production	*Mil. lb.*	--	--	7.2	7.5	22.4	18.8	251
Commercial hatchery operations:								
Eggs set	*Million*	--	--	32.0	34.8	34.1	40.4	116
Chicks hatched	*Million*	--	--	20.5	22.6	23.0	24.9	110
Receipts:								
Poultry, dressed, four markets	*Mil. lb.*	1931-40	71.2	48.5	74.9	57.1	73.5	98
Poultry, live, Chicago [5]	*Car*	1936-40	467	523	485	560	424	87
Poultry, live, New York [5]	*Car*	1936-40	786	694	625	--	--	--
Poultry, live, Midwest, per plant	*1,000 lb.*	1932-40	29.7	36.1	33.8	43.0	36.0	107
Fowl (hens), live, Midwest, per plant.	*1,000 lb.*	1932-40	10.8	12.2	12.3	18.9	16.7	136
Young stock, live, Midwest, per plant.	*1,000 lb.*	1932-40	18.3	23.5	21.0	23.8	18.9	90
Stocks, poultry: [1]								
Broilers	*Mil. lb.*	1936-40	14.0	13.4	14.2	10.8	10.5	74
Fryers	*Mil. lb.*	1936-40	12.9	14.0	17.6	16.5	17.3	98
Roasters	*Mil. lb.*	1936-40	25.7	24.9	37.9	36.2	45.0	119
Fowls (hens)	*Mil. lb.*	1936-40	24.6	29.6	37.7	44.1	50.5	134
Turkeys	*Mil. lb.*	1936-40	22.9	8.2	21.1	12.7	26.7	127
Ducks	*Mil. lb.*	1936-40	7.9	11.1	9.4	8.0	5.9	63
Miscellaneous and unclassified	*Mil. lb.*	1936-40	24.6	26.8	35.0	32.7	36.8	105
Total poultry	*Mil. lb.*	1936-40	132.6	128.0	172.9	161.0	193.0	112
Prices received by farmers:								
Eggs, per dozen	*Cent*	1931-40	27.7	31.8	35.5	37.4	38.9	110
Eggs, parity price per dozen	*Cent*	1931-40	38.9	38.5	43.3	42.0	47.0	109
Eggs, percentage of parity	*Percent*	1931-40	71	83	82	89	84	--
Chickens, per pound	*Cent*	1931-40	13.0	16.0	15.5	19.5	19.6	126
Chickens, parity price per pound	*Cent*	1931-40	14.5	16.1	16.3	17.6	17.7	109
Chickens, percentage of parity	*Percent*	1931-40	89	99	95	111	111	--
Turkeys, per pound	*Cent*	1936-40	16.3	18.8	20.2	23.9	27.0	134
Turkeys, parity price per pound	*Cent*	1936-40	18.6	20.3	20.6	22.2	22.3	108
Turkeys, percentage of parity	*Percent*	1936-40	88	93	98	108	121	--
All farm commodities (1910-14 = 100)	*Index no.*	1931-40	95	139	135	169	169	125
Chickens and eggs (1910-14 = 100)	*Index no.*	1931-40	125	146	157	173	178	113
Wholesale prices, Chicago:								
Eggs, fresh firsts, per dozen	*Cent*	1931-40	27.1	30.7	36.1	39.7	40.0	111
Live heavy hens, per pound	*Cent*	1936-40	16.6	18.9	18.4	20.7	21.8	118
Live broilers, B.R., per pound	*Cent*	1936-40	19.6	21.2	20.2	28.0	28.0	139
Live roasters, light, W.R., per pound.	*Cent*	1936-40	16.7	18.5	18.1	25.1	26.5	146
Live roasters, heavy, W.R., per pound.	*Cent*	1936-40	16.3	16.9	16.5	22.7	23.5	142
Cash farm income: [6]								
Total marketings	*Mil. dol.*	1936-40	844	1,442	1,210	1,976	--	137
Poultry and eggs	*Mil. dol.*	1936-40	83	103	129	145	--	141
Price ratios:								
Chicago, Broiler, B.R., -feed	*Lb. feed*	1936-40	16.3	14.5	13.5	17.2	16.6	123
Chicago, Light Roasters, W.R., -feed	*Lb. feed*	1936-40	13.9	12.6	12.1	15.4	15.7	130
Farm, egg - feed	*Lb. feed*	1931-40	28.2	22.7	25.5	23.1	24.2	95
Farm, chicken - feed	*Lb. feed*	1931-40	13.1	11.4	11.1	12.0	12.2	110
Farm, turkey - feed	*Lb. feed*	1936-40	14.5	13.4	14.5	14.8	16.8	116
Feed cost per cwt., farm poultry ration.	*Dollar*	1931-40	1.08	1.40	1.39	1.62	1.61	116
Wholesale food prices (1935-39 = 100)	*Index no.*	1931-40	93.8	112.4	112.9	130.7	130.8	116
Retail food prices (1935-39 = 100)	*Index no.*	1931-40	96.3	111.6	113.1	129.6	131.1	116
Prices paid by farmers including interest and taxes (1910-14 = 100)	*Index no.*	1931-40	128	141	143	154	155	108
Retail prices (BLS):								
Roasters, dressed, per pound	*Cent*	1931-40	28.5	32.4	31.7	42.4	42.7	135
Eggs, strictly fresh, per dozen	*Cent*	1931-40	42.0	48.7	51.9	58.5	59.0	114
Nonagricultural employees' compensation (1935-39 = 100)	*Index no.*	1931-40	95.4	156.3	155.7	196.8	--	126

[1] End of month. Frozen eggs converted to case equivalent. [2] Includes purchases for future delivery. [3] Adjusted for wastage in distribution. [4] Includes production by egg-drying plants as well as by strictly commercial egg-breaking plants. [5] Car equivalent of receipts by freight, truck and express. [6] Figures for 1941 and 1942 are not strictly comparable; figures for poultry and eggs for 1942 are based on revised production data and include broilers.

THE POULTRY AND EGG SITUATION

Summary

Supplies of chickens in coming months, although seasonally small, will be larger than a year earlier. Storage stocks are the largest on record and the output of young chickens in specialized producing areas this winter will be much greater than last year. This is indicated by heavy commercial hatchery operations of the last few months. The permanent wholesale ceilings for chickens announced by the Office of Price Administration on December 18 will permit farmers to receive favorable prices relative to production costs. Further material increases in chicken production are likely. The 1943 production goal for chickens is 4 billion pounds, dressed weight basis, 28 percent above probable 1942 output. The 1943 goal for turkeys of 560 million pounds is 15 percent above output this year.

Wholesale prices of dressed chicken and fowl were steady from mid-November to mid-December at temporary ceiling levels. Wholesale prices of live young birds advanced during the first half of December and by the middle of the month were at temporary ceiling levels. Prices of all classes were higher than a year earlier by 25 to 35 percent.

Egg production is increasing seasonally at a much higher level than a year ago. In November, 12 percent more layers were on farms and with a 4 percent higher rate of lay, about 17 percent more eggs were produced than in November 1941. Storage stocks have been reduced greatly in past weeks, however, largely because of relatively heavy egg-drying operations. Stocks of shell eggs are the smallest on record and holdings of frozen eggs are much smaller than last year. Increases in supplies of fresh eggs in recent

weeks have tended to relieve pressure on the temporary ceiling prices. In mid-December, prices for all grades of eggs, except for the highest grades, were at temporary ceiling levels and were moderately higher than last year.

Under the price-support program announced by the Department of Agriculture on November 30, farm prices for eggs in 1943 will average at least 15 percent higher than in 1942. Consequently, in the flush season of production next year the egg-feed ratio may be the most favorable on record. Although other obstacles such as labor and material shortages will tend to offset the effects of favorable egg prices, the production goal for eggs of 8 percent over the 1942 production probably will be attained. The demand for baby chicks is likely to be the strongest on record throughout 1943. Permanent ceiling prices for eggs are to be announced shortly. Demand for eggs next year will be very strong.

-- December 21, 1942

REVIEW OF RECENT DEVELOPMENTS

Number of Layers 12 Percent Larger Than a Year Ago

The earlier average hatching date this year than last has resulted in earlier addition of pullets to laying flocks. On December 1, the number of pullets not of laying age and still to be added to laying flocks was 2 percent below the record number of a year earlier. Because of the large proportion of pullets added to laying flocks already, however, the number of potential layers (hens and pullets of all ages) on December 1 was 9 percent larger than last year.

Numbers of layers on farms increased from the August low point of 237 million birds to 373 million birds in November. This is 10 percent larger than the increase in 1941. The number on farms in November was 12 percent larger than in November last year. Average rate of lay reached a new high in November (4 percent over last year's record), and about 17 percent more eggs were produced than in November 1941. By regions, the increases in egg production were as follows: North Atlantic, 9 percent; East North Central, 14 percent; West North Central, 28 percent; South Atlantic, 7 percent; South Central, 24 percent; Western States, 8 percent. In the first 11 months of 1942, 15 percent more eggs were produced than in the corresponding period of 1941.

December 1 Holdings of Eggs 650,000 Cases Smaller Than a Year Ago

Storage stocks both of shell and of frozen eggs were reduced materially further during November. On December 1, total holdings were about 13 percent smaller than last year. Stocks of shell eggs were one third smaller than a year earlier and were the smallest on record for that date. Holdings of frozen eggs were nearly as large as on December 1, 1941, and were the second largest on record. The heavy withdrawal of eggs from storage during November is attributed largely to relatively heavy egg-drying operations. Of the 1.8 million cases of eggs dried during that month, about 1.5 million cases were from storage. In November, 18.8 million pounds of dried eggs were produced.

Pressure on Temporary Ceiling Prices Relieved Somewhat

Receipts of shell eggs at terminal markets increased in recent weeks and were considerably larger than a year ago. As a result, pressure on the temporary ceiling prices has been relieved somewhat. In most markets, however, greater quantities could have been taken without depressing prices. The supply was particularly short in eastern markets where ceiling prices were low relative to ceiling prices in the interior of the country.

Although wholesale prices of eggs have been mostly unchanged since October 5 when the temporary freeze order was issued, the average price received by farmers increased from 37.4 cents per dozen in mid-October to 38.9 cents in mid-November. Such an increase in the farm price is possible, even with constant wholesale prices, because the composition of farm marketings changes and ceilings do not apply directly to farmers' selling prices. In mid-November 1941, the average price received by farmers for eggs was 35.5 cents per dozen.

On December 9, the Office of Price Administration announced that during January and February 1943, dried whole eggs sold to the United States Government or any of its agencies would not be subject to price control. Also exempted were sales of shell and liquid or frozen eggs sold during this period to manufacturers buying for the sole purpose of making dried eggs for sale to the Government. The prices that will be paid for dried eggs during this period will be determined through consultations between the Department of Agriculture and the Office of Price Administration. Offers of dried eggs for January delivery will be accepted at a peak of $1.18 per pound, f.o.b. New York. As a result of this action, egg-drying firms will be able to produce more dried eggs than would otherwise be possible.

Poultry Marketing Declines Seasonally

In early December, receipts of fowl and young stock at Midwest primary markets were 46 percent and 3 percent, respectively, larger than a year earlier, but considerably smaller than the seasonal peak of marketings in September and October. Marketings at Midwest primary markets in the first 11 months of 1942 were about 27 percent heavier than last year, with most of the increased quantity coming after June 1. Sales of chickens by farmers

this year will be about 17 percent larger than last year. The increase in sales of commercial broilers will be more than 20 percent over 1941.

Storage Stocks of Poultry on December 1 Largest on Record

Although farm marketings of chicken in November were much larger than in November 1941, the net into-storage movement was 29 percent smaller than in November last year. On December 1, however, total stocks of poultry were 12 percent larger than last year's record holdings for that date. Stocks of all classes except broilers and ducks increased during the month. This is the first time on record that stocks of broilers were reduced during November. Holdings of poultry were larger than a year earlier in all regions except in the East South Central States and the West North Central States.

Prices of Dressed Chickens Hold Steady; Prices of Live Birds Advance

Wholesale prices of dressed chickens and fowl at New York up to mid-December were steady at the temporary ceiling prices. Quotations at New York in mid-December were from 25 percent to 40 percent higher than a year earlier. Prices of live chickens in eastern markets and at San Francisco in mid-December were higher than in early November and were fully up to the temporary ceiling levels. Prices of both live and dressed chickens were materially higher than a year earlier. The average price received by farmers for chickens in mid-November was 19.6 cents per pound compared with 15.5 cents in November last year. Parity price for chickens in November was 17.7 cents per pound.

Turkey Prices Much Higher Than a Year Ago

Supplies of turkey this fall have been about as large as a year ago according to preliminary estimates of the 1942 crop. Consumer demand for turkey on the other hand has been much stronger than it was in 1941 for both the Thanksgiving and Christmas markets. Prices have been at ceiling levels and in many markets the supply has been short of the demand. Because of the large increases in purchasing power in urban centers of the interior, larger quantities of turkey may have been consumed near the sources of supply this year than last.

In August, farmers indicated that they would market 35.3 percent of this year's turkey crop in December, compared with 38.9 percent in December 1941. These intentions probably have been carried out fairly closely.

Permanent Ceilings Established for All Poultry

On December 18, the Office of Price Administration announced specific dollars and cents wholesale ceilings on all poultry. Permanent ceilings for turkeys were announced originally on November 9. Retail price ceilings will be determined on the basis of fixed margins over net costs to retailers.

Exempt from price control are breeding poultry sold for breeding purposes only; all baby chicks, ducklings, goslings, and poults sold for purposes other than current human consumption; and female poultry sold to producers for egg-production use.

The ceiling price for each class of Grade "A" dressed poultry delivered to the buyers' customary receiving point at New York are given in the following table. Maximum prices for all poultry, except turkeys, at the other four basing points, Los Angeles, San Francisco, Seattle, and Portland (Oregon), are 1/2 cent higher than ceilings at New York. Price ceilings for turkeys on the West Coast are 1 cent below New York ceilings. Specific ceilings have been announced for live, kosher-killed, drawn and quick-frozen eviscerated birds as well as fresh dressed poultry.

MAXIMUM BASE PRICES FOR POULTRY DELIVERED TO THE BUYERS' CUSTOMARY RECEIVING POINT AT NEW YORK CITY

Class	Dressed Grade "A" Weight per bird 1/	Maximum price per pound
	Pounds	Cents
Broilers	Under 2-1/2	32.0
Fryers	2-1/2 to 3-1/2	33.5
Roasters - Light	3-1/2 to 5	36.5
Heavy	5 and over	38.5
Stags - Light	Under 5	31.5
Heavy	5 and over	33.0
Capons - Light	Under 7	40.5
Heavy	7 and over	41.5
Fowl - Light	Under 3-1/2	28.0
Medium	3-1/2 to 5	31.5
Heavy	5 and over	31.5
Old roosters - Light	Under 5	23.0
Heavy	5 and over	24.0
Ducks - Light	Under 5	24.0
Heavy	5 and over	26.0
Geese	All weights	30.0
Young turkeys - Light	Under 16	40.0
Medium	16 to 20	38.5
Heavy	20 and over	37.5
Old turkeys - Light	Under 16	38.0
Medium	16 to 20	36.5
Heavy	Over 20	35.5
Guineas	All weights	36.0
Squabs	All weights	56.0
Pigeons	All weights	25.0

1/ Grade "B" dressed birds shall be 1-1/2 cents less in price than Grade "A" dressed; Grade "C" 4 cents less than Grade "A." Live poultry which does not meet specifications of Grade "A" shall be sold at the seller's customary prices below prices of Grade "A" live birds.

For points other than New York City wholesale price ceilings on poultry in the eastern half of the country (defined in the regulation as "east of the line running south from the Canadian border along the eastern shore of Lake Michigan, the Illinois-Indiana State line, the Illinois-Kentucky State line, then south along the eastern bank of the Mississippi River to the Gulf of Mexico") are determined from prices in the principal basing point as follows:

Step 1 - Find the actual carlot freight rate from Chicago to New York City for dressed poultry. Icing and tare weight is taken into consideration in arriving at a figure of 1.22 which is used in calculating all freight differences to the basing points. For instance, the carlot freight rate from Chicago to New York is 82 cents per hundred pounds. Multiplying this freight rate by 1.22 results in a figure of one dollar per hundred pounds.

Step 2 - Deduct the computed freight rate figure from the maximum base price for the poultry in New York.

Step 3 - Add the freight rate from Chicago to the city in question to the figure computed as a result of step 2. The total will be the maximum base price for the poultry item in that specified point.

For points west of the line defined above, maximum prices are determined as follows:

Step 1 - First, the key basing point for the city or town to be priced must be selected. This will be one of the five basing point cities - New York, Los Angeles, San Francisco, Portland (Oregon), or Seattle - which is closest freightwise to the place, or which reflects the highest price.

Step 2 - The freight rate from the place to be priced-fixed to its basing point city must be calculated in the same manner as are eastern transactions.

Step 3 - This freight rate then must be deducted from the base point price. The result will be the maximum base price at the point in question.

There are three specific exceptions to this western pricing formula, however, to take care of population increases caused by war industries located there. These exceptions are: (1) San Diego, Calif., which has the same maximum base prices as Los Angeles; (2) every place in Oregon, west of Portland, which will have the same base prices as Portland; (3) every place in Washington, west of Seattle, which will have the same base prices as Seattle.

The regulation provides that periodic increases will be made in the ceiling price for turkeys to take care of storage costs. For all other classes of poultry, however, maximum price levels are the same for all months. It will be necessary, therefore, for processors and others storing poultry other than turkeys, to purchase poultry at prices below the ceilings in surplus periods so that the stocks can be carried over to deficit periods. Revised Maximum Price Regulation 269 also provides that only one class of wholesaler is allowed instead of two, as provided in the original Maximum Price Regulation 269 (Poultry and Eggs). Specific additions in base maximum prices can be made only where actual services are rendered.

Because most of this season's poultry crop already has been packed under the commercial grading standards used by the trade, the Office of Price Administration is permitting maximum prices to be set according to these standards on all poultry, except turkeys, processed and packed prior to February 28, 1943. Poultry processed and packed after that date must be graded in accordance with the United States Department of Agriculture specifications. After June 30, 1943, Department of Agriculture standards and grades shall apply to every sale of poultry, regardless of the date processed or packed.

On dressed turkeys, however, the grading requirements under the Office of Price Administration regulation continue to be those promulgated by the Department of Agriculture, including amendments recently announced. These grades correspond closely to the grades formerly in commercial use.

PRODUCTION GOALS FOR 1943

On November 30, Food-for-Freedom goals for 1943 were announced by the Secretary of Agriculture. The goals are designed to shape next year's farm production to the needs of the United Nations. A price-support program was announced simultaneously.

Production goals for poultry products are given in the following table:

Production goals for poultry and eggs in 1943 and comparable data for other years

Item	Estimated production			Goals for 1943	1943 goal as percentage of 1942 production
	Average 1936-40	1941 1/	1942 1/		
					Percent
Eggs (million dozens)					
Farm production	3,131	3,433	4,012	4,345	108
Total production 2/	3,444	3,828	4,414	4,780	108
Chickens (million pounds, dressed weight)					
Slaughter from "general" farms	2,033	2,087	2,385	2,635	110
Slaughter of chickens from specialized producing areas	219	426	495	3/1,100	222
Total chicken 2/	2,455	2,722	3,118	4,000	128
Turkeys (million pounds, dressed weight)					
Slaughter	393	474	485	560	115

1/ Preliminary.
2/ Includes an allowance for nonfarm production which is about 10 percent of the farm output.
3/ Includes the out-of-season production of young chickens in general farming areas. This may exceed 100 million birds in 1943.

National goals for production of chickens, eggs, and turkeys on general farms and in the usual season have been distributed among States and have been supplied to State USDA War Boards. However, suggested State goals for production of young chickens in specialized producing areas and of birds exclusively for meat on general farms out of the ordinary seasons have not been established. By utilizing existing facilities more fully, many millions more chickens of the latter two categories can be produced. It is very likely that farmers will receive favorable prices for all chickens produced in 1943.

As an inducement to expand production, poultrymen will be assured not less than certain minimum prices over a period ending June 30, 1944. Prices for chickens (excluding birds weighing less than 3 pounds live weight) and turkeys will be supported at 90 percent of the parity price. Prices for eggs will be supported at a price for eggs purchased on an offer and acceptance basis, equivalent to not less than 30 cents per dozen in the spring and early summer and an annual average of 34 cents per dozen, basis national average price received by farmers.

OUTLOOK

BACKGROUND.- In early 1942, chicken prices were slightly higher than a year earlier. Because demand increased during the year, chicken prices did not decline nearly as much as usual even though marketings increased much more than normally. After allowing for seasonal influences, prices of most classes of fowl and chickens increased from January through September. The Temporary Maximum Price Regulation issued in early October provided that prices would not exceed the highest levels reached in the September 28-October 2 period. This regulation remained in effect until December 3, when it was replaced by MPR 280, which extended the September 28-October 2 ceiling levels for all commodities for which permanent ceilings had not been issued. The permanent order for turkeys was issued on November 9. The permanent order covering other poultry was issued on December 18.

Demand for Hatchery Chicks Strongest on Record

In November about 25 million chicks were hatched by commercial hatcheries in the United States, about 10 percent or 2-1/3 million more than in November last year. November output in 1939 also 1940 was about 14 million chicks. Numbers of eggs set in November were 16 percent larger than a year earlier. Total settings were about 112,000 cases, or about 1.6 percent of the eggs produced on farms in the United States during that month. Total chick production in November would have been much larger if sufficient eggs had been available. Many hatcheries reported their production of chicks in November was limited only by the supply of hatching eggs. Advance orders for baby chicks on December 1 were 23 percent above December 1 a year ago.

The current strong demand for baby chicks is coming primarily from specialized broiler and fryer producers. Prices received by producers for such chickens have been especially favorable in recent weeks. Because of the strong demand for meat in 1943, prices are likely to be favorable for producers during the entire year. The demand for baby chicks for flock replacement purposes also is likely in 1943 to be the strongest on record.

Supplies of Chickens Larger This Winter Than Last

Storage holdings of poultry on January 1, 1943 may be the largest on record for that date. Storage supplies will be supplemented by the largest winter production of young chickens on record for the United States. Moreover, sales of fowl in general farming areas may be larger than last year since a greater number is on farms. In the first quarter of 1943, consumption of poultry in the United States will be much greater than in the first quarter of 1942.

Chicken Prices in 1943 Likely to Favor Feeding to Heavier Weights

Because of the strong consumer demand in prospect for 1943, prices received by farmers for chickens probably will average higher than the support level of 90 percent of parity. Ceiling prices recently announced by the Office of Price Administration will permit farmers to receive at least 115 percent of parity for the average of all weights. But the differentials between individual classes are such that maximum prices for heavy birds are relatively more favorable than maximum prices for birds of lighter weights. In the following table the average differences between prices of several classes of chickens are given.

Chickens, fresh killed and frozen, fancy: Wholesale prices of birds weighing 60-65 pounds per dozen less prices of other weights, box packed, New York City, average 1936-40

Weight per dozen	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Pounds	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
	Actual price of birds weighing 60-65 pounds, 1936-40 average											
60-65	25.5	25.6	26.3	27.3	28.8	28.3	27.7	27.4	25.8	22.9	23.0	23.0
	Differentials: Prices of 60-65 pound birds less prices of birds of other weights											
48-54	1.5	1.4	1.5	1.8	1.7	2.4	2.0	1.8	2.9	1.8	1.4	1.4
36-42	2.7	3.3	4.2	5.8	5.1	4.9	4.2	5.6	4.9	2.6	2.2	1.5
25-30	1.2	2.4	3.1	3.5	4.0	3.7	5.2	6.0	4.3	1.1	0.3	-0.1

The price ceilings were not announced specifically in terms of the classes included in the above table. Each class given in the table, however, is included in one of the weight classifications for which ceilings were announced. For example, the 60-65 pound group is included in the "over 5 pounds" classification. In general, the spreads between prices of 60-65 pound

birds and prices of other classes allowed by the maximum price regulation are greater than those in the 1936-40 period.

By feeding birds to heavier weights a greater volume of meat is produced per unit of resources used and fewer hatching eggs are needed per unit of meat produced. Moreover, as birds increase in size a greater quantity of edible meat is obtained per unit of live weight. The drawn weight as a percentage of live weight is as follows for birds of specified classes:

Yield of live birds in terms of drawn weight

Weight per bird, live	Drawn weight as a percentage of live weight
Pounds	Percent
0.75 - 1.50	63
1.50 - 2.50	65
2.50 - 3.50	68
3.50 and up	71

Egg Supplies Will Continue to Increase

Since December 1, egg production apparently has continued much larger than a year earlier. With good weather, production for the winter as a whole will be by far the largest on record. Numbers of layers in January will be about 8 percent larger than a year earlier. After January, numbers will decline but probably at a smaller rate than usual, for the egg-feed price ratio will be much more favorable than average. During the spring months the ratio may be the most favorable on record. This will encourage heavy feeding and may result in a rate of lay even higher than the record for 1942.

The apparent overcrowding of laying houses evidently has not restricted the rate of production per bird. In November the rate of production per bird was higher than a year earlier in all regions except the South Atlantic States. In the West North Central States, where the largest increase in layers has occurred, about 9 percent more eggs was produced per bird than in November last year. Limitations of supplies and shortages of labor will tend to offset the favorable economic factors next year, but as a whole it is likely that the goal of 8 percent more eggs in 1943 than in 1942 will be reached.

With materially larger quantities of eggs needed for lend-lease and military use, however, supplies for domestic consumers will be no larger than in 1942. In the first quarter of 1943 civilian supplies will be about the same as in the first quarter of 1942. The demand for eggs is likely to increase further when rationing of meat is instituted. Price increases will be limited by the permanent ceiling levels to be announced in the near future. Consequently, the supply of eggs available for civilian consumption is likely to be less than the quantity that civilians would be willing to buy at ceiling prices.

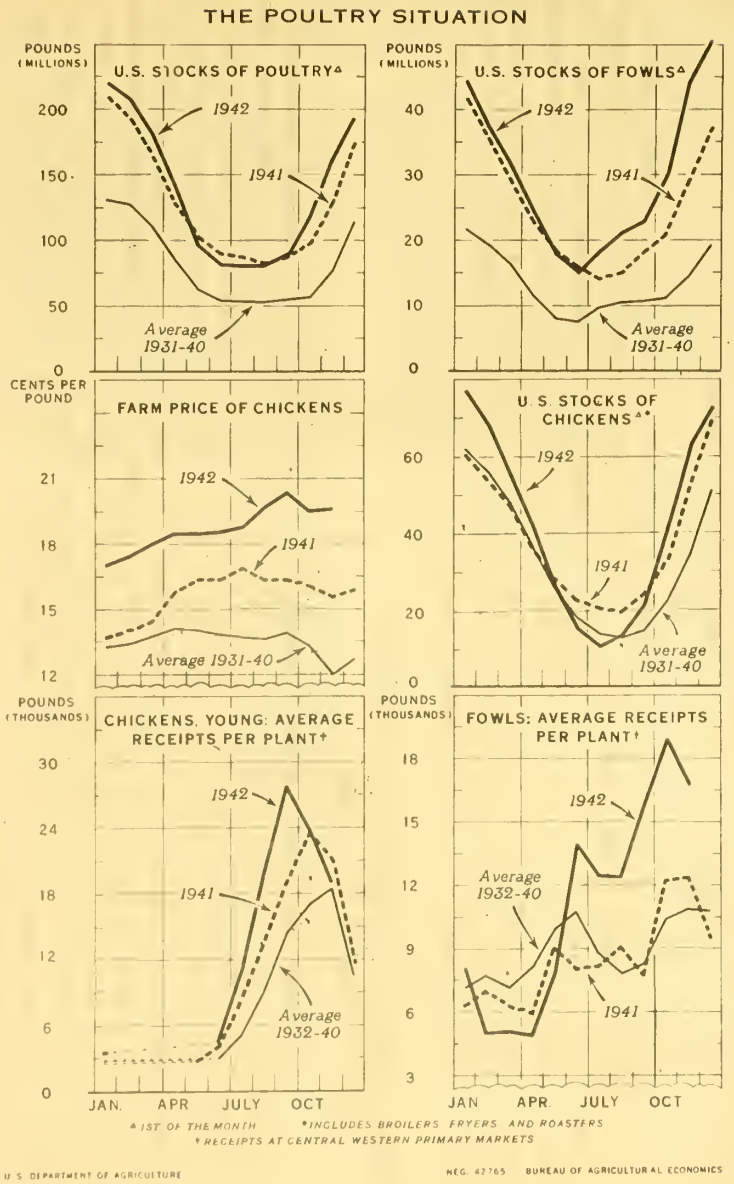


Figure 1

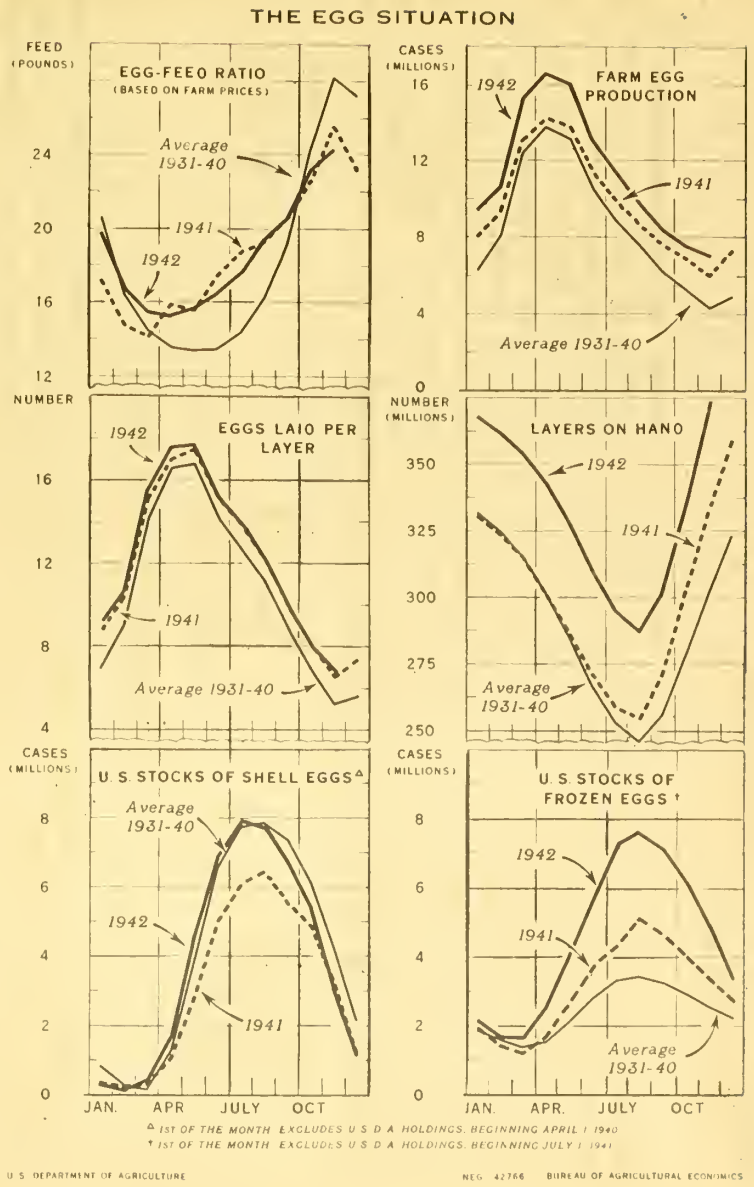


Figure 2

Support Price Assures Higher Egg Prices for 1943

The average price received by farmers for eggs in 1942 was about 29.5 cents per dozen. The price-support program for 1943, which the Department has announced, assures an average farm price for the United States in the spring months, when production is seasonally large, of not less than 30 cents per dozen, and an annual average price of not less than 34 cents. Prices received by farmers for eggs in 1943, therefore, will average at least 15 percent higher than in 1942, and in the spring months of flush production the increase will be relatively greater than for the year as a whole. The average price received by farmers for eggs in the United States in 1942 was 30 cents per dozen. By months, prices (in cents per dozen) in 1942 were as follows:

Jan. 31.3	May 26.5	Sept. 34.7
Feb. 27.5	June 27.4	Oct. 37.4
Mar. 25.8	July 29.5	Nov. 38.9
Apr. 25.6	Aug. 32.2	

FEED SUPPLIES AND PRICES

Largely as a result of strong seasonal demand, market prices of corn and barley increased from 6 to 10 cents per bushel from early November to mid-December. Prices of oats increased 4 cents in the same period. Prices of wheat millfeeds are about $5.00 per ton higher than a month ago, a rise of about 10 percent. The average price paid by farmers for laying mash in mid-November was $2.92, the same as in October but about 11 percent higher than a year ago. Feed prices will increase seasonally in coming months, but in the first half of 1943 the increase in feed prices over a year earlier is not likely to be so large as the increase in egg prices.

The 1942-43 supply of feed grains is about 134 million tons, about 12 percent larger than last year. Supplies per animal unit are slightly larger than last year and the largest on record. Production of high-protein feeds has been running about 20 percent larger than last year. Practically no linseed or soybean meal has been available at Midwestern wholesale markets in recent weeks, however, because feed mixers have purchased most of these feeds from crushers on a contract basis.

Index Numbers of Seasonal Variation in Egg Prices for 1943

In "The Poultry and Egg Situation" for May 1942, a moving seasonal adjustment for egg prices was presented. Index numbers for 1942 were given in the December 1941 report. Rapid growth of the dried-egg industry has tended to accelerate changes that took place gradually in former years. The dried-egg industry has been instrumental in shifting the seasonal pattern of prices by taking large quantities of eggs for immediate drying in the season of flush production and by causing large stocks of eggs to be stored for drying later in the year. Index numbers of seasonal variation in egg prices that will be used in computing seasonally adjusted parity prices for eggs in 1943 are given below:

Jan. 95	Apr. 82	July 91	Oct. 126
Feb. 88	May 82	Aug. 98	Nov. 138
Mar. 82	June 82	Sept. 114	Dec. 122

WHAT THE 1943 POULTRY GOALS MEAN TO HATCHERYMEN

Production goals for agricultural products for 1943, established by the Department of Agriculture, include 4 billion pounds of chicken, 560 million pounds of turkey on a dressed weight basis and 4,780 million dozens of eggs. Compared with production in 1942, the goals call for 28 percent more chicken, 15 percent more turkey, and 8 percent more eggs. All of these goals are much higher than any previous year's production. Egg production in 1943 will come largely from layers now on farms. Consequently, any change in hatchery production will have relatively little influence on egg production before 1944. But in the chicken production program, hatcherymen will play a vital role.

Demand for Chicks to Continue Very Strong

In past years the number of chickens raised on farms usually has fluctuated in fairly regular 3-year cycles -- increasing for 2 years after a decline of 1 year. The decline usually followed a year of relatively unfavorable relationships between prices of chickens and eggs and prices of feed. Numbers of chickens raised on farms increased greatly during the past 2 years. But because of unusually strong demands for poultry products on one hand and large supplies of feed on the other, both egg-feed and chicken-feed price ratios will be favorable through the main hatching season of 1943. In fact, it is likely that the egg-feed ratio in the spring of 1943 will be the most favorable on record for the spring period.

In the first half of 1943, when chicks are purchased for flock replacement purposes, farmers will take all the chicks that can be hatched. In the latter six months of next year, more chicks will be demanded for meat producing purposes than were ever hatched before in the corresponding period.

25 Percent Increase in Chick Production Needed to Reach the Chicken Goal

The number of chicks hatched on farms in 1943 is likely to be about the same as in 1942 when only 18 percent of the chicks raised were home hatched. The 25 percent increase in chicks needed for 1943, therefore, will require that commercial hatcheries produce 300 million more chicks than in 1942.

Because manufacture of incubators and hatchers has been reduced, increases in hatchery chick production will come almost entirely through fuller utilization of existing hatchery facilities. In 1942 the egg-incubating capacity of all commercial hatcheries was utilized an average of 3.65 times. This capacity was utilized an average of 3.23 times in 1939, 2.94 times in 1940, and 3.58 times in 1941. Numbers of eggs set and chicks hatched monthly by commercial hatcheries from 1939 to 1942 are given in the following tables, together with percentages of estimated capacity utilized each month.

Table 1.- Eggs set by commercial hatcheries, number and percentage of capacity, United States, 1939-42

Month	1939		1940		1941		1942	
	Number	Percentage of capacity	Number	Percentage of capacity	Number	Percentage of capacity	Number	Percentage of capacity
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Jan.	86,110	21	57,184	13	91,754	21	93,930	20
Feb.	177,359	43	154,376	36	192,917	44	244,122	52
Mar.	328,005	80	308,038	72	334,352	76	393,394	84
Apr.	334,002	81	319,816	75	355,984	81	422,597	90
May	207,654	50	194,398	46	272,076	62	285,912	61
June	61,225	15	70,894	17	126,306	29	99,748	21
July	27,549	7	28,144	7	37,637	9	41,626	9
Aug.	21,175	5	19,322	5	30,801	7	36,370	8
Sept.	20,060	5	20,076	5	30,169	7	34,503	7
Oct.	21,310	5	22,096	5	31,985	7	34,072	7
Nov.	21,392	5	22,498	5	34,844	8	40,390	9
Dec.	26,210	6	32,330	8	38,856	9		
Total	1,332,051		1,249,172		1,577,678			

Table 2.- Chicks hatched by commercial hatcheries, number and percentage of capacity, United States, 1939-42.

Month	1939		1940		1941		1942	
	Number	Percentage of capacity	Number	Percentage of capacity	Number	Percentage of capacity	Number	Percentage of capacity
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Jan.	39,221	9	30,052	7	41,193	9	47,044	10
Feb.	85,555	21	54,711	13	87,959	20	95,356	20
Mar.	183,901	45	165,878	39	193,704	44	241,547	51
Apr.	241,067	59	236,459	56	237,832	54	284,477	61
May	198,280	48	178,575	42	224,247	51	244,369	52
June	71,267	17	77,818	18	131,067	30	120,885	26
July	19,606	5	22,260	5	29,598	7	29,260	6
Aug.	13,353	3	12,339	3	19,213	4	22,383	5
Sept.	14,218	3	12,569	3	19,069	4	22,323	5
Oct.	14,490	4	14,389	3	20,537	5	22,955	5
Nov.	14,018	3	14,464	3	22,561	5	24,913	5
Dec.	14,543	4	17,112	4	24,523	6		
Total	909,519		837,126		1,051,561			

The number of chicks needed to meet the 1943 goals can be obtained by utilizing facilities an average of 1-1/4 times more than during 1942. In other words, the needed number of chicks can be produced if an average of nearly 5 eggs per unit of capacity is set compared with 3.65 eggs per unit in 1942. Since hatchery production reaches a seasonal peak in the first half of the year, most of the increased number of chicks will come during the first 6 months of 1943. The percentage increases, however, probably will be much larger in the latter six months of 1943 than in the first half of the year, because of the prospective strong demand for meat-producing birds.

The necessity for starting the first full setting earlier than usual in 1943 apparently is realized by many hatcherymen. Hatchery operators in many sections, particularly in the West North Central States, have reported their intentions to start next year's operations fully 3 weeks earlier than usual. These actions are in part a reflection of earlier advance orders this year than last.

Since the demand for chicks will be strong in most localities, hatcheries may be able to dispose of all chicks without shipping as long distances as usual. This is desirable in view of the tight transportation situation that is likely to prevail next year. Some hatcherymen already have experienced heavy losses from transportation delays.

Prices of Baby Chicks Likely to be Higher in 1943

Maximum prices have not been established for baby chicks. Because of the stronger demand for chicks and the higher costs of operating hatcheries, prices of baby chicks in 1943 probably will be somewhat higher than in 1942. The cost of hatching eggs next spring will be at least 15 percent higher than in the spring of 1942, and other costs also will be higher. Average prices paid by farmers per 100 baby chicks in the main hatching season from 1933 to 1942 were:

1933	$7.34	1935	$8.62	1937	$8.80	1939	$8.83	1941	$ 9.01
1934	8.06	1936	9.00	1938	8.95	1940	8.70	1942	11.33

Cash farm income from chickens and eggs in 1942 will be about 1,400 million dollars, compared with 994 million dollars in 1941. The largest cash return prior to 1941 was 1,098 million dollars in 1920. In 1943 cash farm income from chickens and eggs probably will exceed 2 billion dollars.

The demand for turkey poults, like the demand for baby chicks, will be very strong in 1943. Since numbers of breeder hens next season may be little different from numbers in 1942, it will be necessary to lengthen the poult-hatching season if sufficient turkey hatching eggs are to be obtained. Because of cold wet weather early in the 1941 season, death losses were heavy and the number of turkeys raised was about the same as in 1941 even though about 8 percent more poults were started. With normal weather in the 1943 poult-starting season, the 15 percent increase in turkey production could be attained with a moderate increase in numbers hatched. Maximum prices have not been established for poults.

H. C. KRIESEL
R. F. MOORE

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